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MAY 29 2014

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF CALIFORNIA

In re ) Case No. 13-35053-C-7  
EARL COREY PAZ and ) Docket Control No. MPD-5  
CYNTHIA MARIE SHUMP, )  
Debtors )

NOT FOR PUBLICATION

MEMORANDUM OPINION AND DECISION  
TRUSTEE'S MOTION FOR TURNOVER OF INFORMATION AND PROPERTY

The Chapter 7 Trustee in the above-entitled bankruptcy case, John Reger ("Trustee"), seeks an order compelling Debtors Earl Corey Paz and Cynthia Marie Shump ("Debtors"), to turnover eight categories of information and property pursuant to 11 U.S.C. § 542.

In filing their Chapter 7 petition on November 26, 2013, the Debtors listed rental property located at (1) 4795 Railroad Avenue, Vina, CA ("Rental 1"); (2) 8340 Sherwood Boulevard, Los Molinos, CA ("Rental 2"); (3) 465 F Street, Tehama CA ("Rental 3"); and (4.) 8645 State Highway 99E, Los Molinos, CA ("Rental 4").

The Chapter 7 Trustee states that he hired a broker to list the three rental properties, but believes that the broker hired was operating on incorrect information based on "substantial misrepresentations" made by Debtors concerning the true value, the ownership, and the liens encumbering the properties. Debtors have filed a Motion to Convert their Chapter 7 Case to a Chapter 13 case, making dramatic changes to their reported income in

1 asserting that they would now be eligible for Chapter 13 relief.

2 Asserting Debtors' alleged misrepresentations and  
3 questionable changes to their originally filed schedules, Trustee  
4 requested the below listed information and properties in an email  
5 sent to Debtors' counsel on March 11, 2014. The items and  
6 information sought, per Exhibit A, Dckt. No. 62, consist of the  
7 following:

8 (1.) Rent being collected on rentals with accounting  
9 showing all rent paid by each tenant, for each rental,  
10 from the dating of filing through present and what  
11 expenses were paid with the rent collected. The rental  
12 properties include: 4795 Railroad Avenue, Vina,  
California; 8340 Sherwood Blvd, Los Molinos,  
California; 465 F. Street, Tehama, California; and 8645  
State Highway 99E, Los Molinos, California.

13 (2.) The original lease for 465 F Street, Tehama,  
14 California. Trustee also requests explanations for how  
15 Debtor could enter the lease on December 1, 2013, five  
days after filing Chapter 7 petition, and why the lease  
was not disclosed, in addition to providing accounting  
information.

16 (3.) Confirmation that 8340 Sherwood Boulevard, Los  
17 Molinos, California is under a month-to-month rental  
18 agreement and turnover the security deposit received on  
the property.

19 (4.) A copy of the most recent statement from the  
20 lender for 4795 Railroad Avenue, Vina, California and  
21 confirmation that payment is current. Trustee also  
requests an explanation of Debtor's authority to enter  
this agreement post-petition with a start date of  
February 7, 2014.

22 (5.) Telephone numbers for all tenants of Debtors'  
23 rental properties.

24 (6.) Copies of all insurance policies currently in  
effect on the properties.

25 (7.) Closing statements received for purchases of every  
26 real property listed by Debtors.

27 (8.) A complete copy of Debtors' tax returns, including  
28 depreciation schedules, state and federal, for the  
years of 2010-2013.

1 On May 13, 2014, Counsel for Trustee and Counsel for Debtors  
2 appeared for a hearing on the Motion for Turnover. Trustee's  
3 counsel reported that Trustee had not received any of the rental  
4 payments, and that the information that has been obtained by  
5 Trustee indicates that the properties are generating rental  
6 proceeds, but that it was unclear whether Joint Debtor Earl Paz  
7 or his partners were collecting the rent monies.

8 Debtor's counsel stated that Joint Debtor Earl Paz is  
9 working with the co-owners of the properties to obtain the  
10 paperwork that Debtor currently does not have access to, to  
11 resolve the issues raised by Trustee in his request for documents  
12 and rental payments.

13 At the hearing, the court granted the Trustee's Motion for  
14 Turnover of Property on or before noon on June 6, 2014. The  
15 Debtors, and each of them, are required to turnover information  
16 concerning the Properties and turn over the rents to the Chapter  
17 7 Trustee.

18 This Memorandum Opinion and Decision, and the further  
19 Findings of Fact and Conclusions of Law stated orally on the  
20 record, are made pursuant to Federal Rule of Civil Procedure 52 and  
21 Federal Rules of Bankruptcy Procedure 7052, 9014.

22 The court shall issue an order consistent with this Ruling.  
23 Dated: May 29, 2014

24  
25  
26   
27 Honorable Ronald Sargis  
28 UNITED STATES BANKRUPTCY JUDGE

**INSTRUCTIONS TO CLERK OF COURT  
SERVICE LIST**

The Clerk of Court is instructed to send the attached document, via the BNC, to the following parties:

Michael P. Dacquisto, Esq.  
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Redding, California 96001

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